DOCUMENT RESUME

ED 269 593 CE 044 385

AUTHOR Fuller, Theodore E.
TITLE The Mid-Atlantic Region in Transition: Employment Trends, 1974-84. Rural Development Research Report Number 57.
INSTITUTION Economic Research Service (DOA), Washington, D.C.
PUB DATE Apr 86
NOTE 18p.
AVAILABLE FROM Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402 (Order No. 001-019-00445-2).
PUB TYPE Reports - Descriptive (141) -- Statistical Data (110)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Comparative Analysis; Differences; *Employment Patterns; *Employment Statistics; Manufacturing; *Metropolitan Areas; *Regional Characteristics; Rural Areas; *Unemployment; Urban Areas
IDENTIFIERS *Nonmetropolitan Areas; *United States (Mid Atlantic States)

ABSTRACT

A comparison of the Mid-Atlantic region (New York, New Jersey, and Pennsylvania) with the nation from 1974 to 1984 revealed that this region trailed New England and the nation in rate of employment growth between 1974-79 and 1979-84. The region had an above-average share of employment in the national fast-growth sectors (services, finance, insurance, and real estate), and employment growth rates in those sectors were near the national average. The region lost manufacturing employment at about the same rate as the rest of the nation going into the 1975 and 1982 recessions, but failed to match the nation's recoveries. The region's decline in manufacturing employment from 1974-84 occurred in nearly all the major manufacturing industries and in most of the states for each industry. A comparison of metropolitan and non-metropolitan areas within the Mid-Atlantic region from 1974 to 1984 revealed that although non-metropolitan areas led metropolitan areas in employment growth rates between 1974-79, employment declined in non-metropolitan areas from 1979-84 while employment in metropolitan areas continued to grow. Non-metropolitan areas dependent on mining and manufacturing and metropolitan areas in the region's interior fared worse than metropolitan areas in the New York City--Philadelphia corridor oriented toward fast-growth industries. (YLB)

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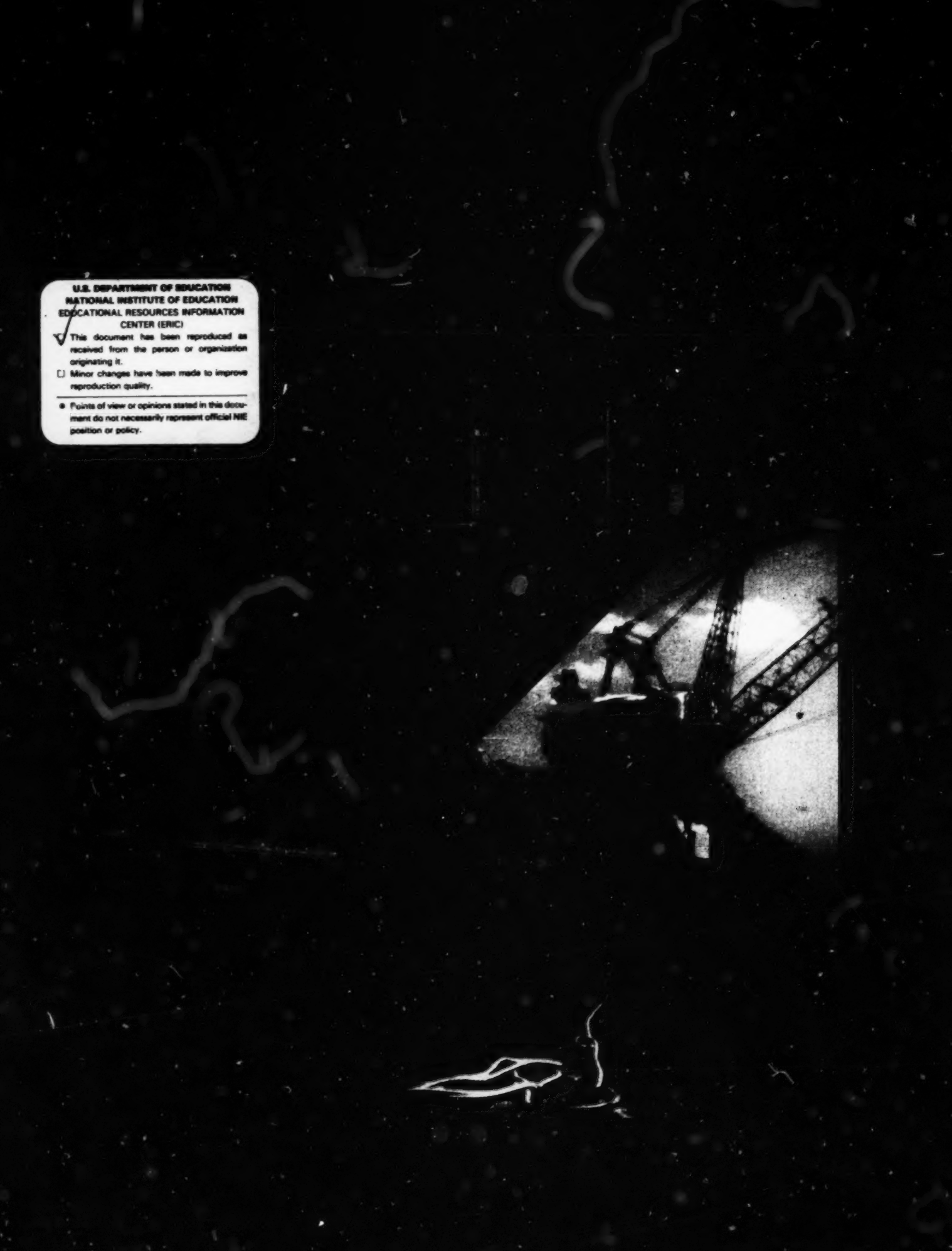

THE MID-ATLANTIC REGION IN TRANSITION: EMPLOYMENT TRENDS, 1974-84. By Theodore E. Fuller. U.S. Department of Agriculture, Economic Research Service, Agriculture and Rural Economics Division, Rural Development Research Report No. 57.

Abstract

The Mid-Atlantic region's total employment growth stayed below national averages from 1974 to 1984 because of its higher share of slow-growth manufacturing industries and its lagging employment growth in all major economic sectors. After leading the region's employment growth in 1974, nonmetro areas saw employment decline by 1984 while metro employment growth continued. Nonmetro areas dependent on mining and manufacturing and metro areas in the region's interior fared worse than metro areas in the New York City-to-Philadelphia corridor oriented to such fast-growth industries as services, finance, insurance, and real estate. This study measures the extent of the Mid-Atlantic's economic lag and pinpoints lagging areas of the region (NJ, NY, and PA) to help its governments document its competitive economic positions relative to other regions.

Keywords: Region, metro, nonmetro, employment, public policy, manufacturing.

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Washington, D.C. 20005-4788 April 1986

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Summary

The Mid-Atlantic region's total employment growth stayed below national averages from 1974 to 1984 because of its higher share of slow-growth manufacturing industries and its slow employment growth in all major economic sectors. Nonmetro areas led regional employment growth in 1974, but in 1984 these areas saw employment decline while metro employment growth continued. Nonmetro areas dependent on mining and manufacturing and metro areas in the region's interior fared worse than metro areas in the New York City-to-Philadelphia corridor oriented to such fast-growth industries as services, finance, insurance, and real estate.

A comparison of the Mid-Atlantic region (New York, New Jersey, and Pennsylvania) with the Nation from 1974 to 1984 reveals the following trends:

- The Mid-Atlantic trailed its neighbor, New England, and the Nation in rate of employment growth between 1974-79 and 1979-84. Within the region, New Jersey had the strongest employment growth from 1979 to 1984. New York was nearly static between 1974-79, but rebounded during 1979-84. Pennsylvania's slow growth from 1974-79 stopped in 1979-84, and its economy began to decline.

- The region had an above-average share of employment in the national fast-growth sectors (services, finance, insurance, and real estate), and employment growth rates in those sectors were near the national average.

- The region had a slightly larger than average share of total employment in manufacturing in 1974, but slightly less by 1984. The region lost manufacturing employment at about the same rate as the rest of the Nation going into the 1975 and 1982 recessions, but failed to match the Nation's recoveries. The region seemed to lose more of its competitive edge with each recession.

- The region's decline in manufacturing employment from 1974-84 occurred in nearly all the major manufacturing industries and in most of the States for each industry.

A comparison of metro and nonmetro areas within the Mid-Atlantic region from 1974 to 1984 reveals the following trends:

- The rural-to-urban turnaround of the 1970s appeared to be reversing itself in the early 1980s. Although nonmetro areas led metro areas in employment growth rates between 1974-79, employment declined in nonmetro areas from 1979-84 while metro areas continued to grow (although at a slower rate).

- This reversal in employment growth rates from nonmetro to metro advantage pushed average nonmetro unemployment rates (8.4 percent in 1984) above rates in metro areas (7.1 percent in 1984).

- Employment growth among metro areas shifted from smaller metro areas of interior Pennsylvania and New York to the urban corridor extending from New York City to Philadelphia.

- Employment growth among nonmetro areas shifted from central and western Pennsylvania and New York to eastern and northern New York.

- The shifts in both metro and nonmetro areas appeared related to faster growth areas' orientation to national fast-growth industries and slower growth or declining areas' dependence on manufacturing.

The Mid-Atlantic Region in Transition
Employment Trends, 1974-84

Theodore E. Fuller*

Introduction

The Mid-Atlantic region did not keep pace with either its neighbor, New England, or the Nation in rate of growth in total employment in the late 1970s or early 1980s. This was a continuation of the region's slow-growth in the 1960s and early 1970s (*2*).[1] The region, which includes New York, New Jersey, and Pennsylvania, has been among the least dynamic in the Nation in the last two decades.

Slow employment growth is not necessarily undesirable. Slow growth is preferable to decline, and it has certain advantages over the growing pains that can accompany rapid development. However, persistently slow growth in a region as economically important to the Nation as the Mid-Atlantic does raise concern. Growth seldom occurs at a constant pace among industries or areas. Soft spots often arise in the form of declining or slow-growth industries which affect the specific local areas where they are concentrated.

This report appraises recent industry and area employment trends in the Mid-Atlantic States. Recent trends in total employment and employment in major sectors and industries in the Mid-Atlantic region are compared with national trends. Also, employment changes among metro and nonmetro areas within the region are assessed. Industry structure and performance are related to the incidence of metro and nonmetro areas experiencing fast growth (above average), slow growth (below average), or declining employment. This focus on metro-nonmetro trends explores whether the "rural-urban population and employment turnaround" of the 1970s is continuing or reversing itself.

To assess employment trends in the region, two aspects of a regional or local area economy which typically affect the geography of employment change are analyzed: industry mix and the employment growth rates of major industries. Industry mix refers to the distribution of employment among major economic sectors or industries in an area or region. Sectors and industries are grouped by national growth performance: fast-growth, slow-growth, or declining. This grouping by national growth performance permits assessment of whether a region's economic structure is weighted to or away from the growth elements in the national economy. The mix of sectors or industries in the region is compared with the mix in the Nation; and the mix in metro areas is compared with that in nonmetro areas.

The Study Area and Time

The Mid-Atlantic region, comprised of New York, New Jersey, and Pennsylvania, is divided into metro and nonmetro areas to analyze the location of change. Metro areas consist of one or more counties with a central place or urban core of 50,000 or over and a total area population of 100,000 or over. They are subdivided into primary metropolitan statistical areas (PMSA) or metropolitan statistical areas (MSA) by the U.S. Office of Management and Budget. Nonmetro areas include all the nonmetropolitan counties in New York and Pennsylvania. New Jersey does not have any nonmetro areas as of the 1983 U.S. Office of Management and Budget definition.

The analysis spans two 5-year periods, 1974-79 and 1979-84. To use as recent data as practicable, employment figures are for September of the beginning and ending years of each period. All employment data, national, State, and area, in the report are from the establishment data sampling program of the Bureau of Labor Statistics, U.S. Department of Labor, in which all States cooperate. State and area data were secured directly from the Labor Departments of the three States of the region.
The two time periods were selected to approximate secular rather than cyclical trends and to compare secular trends in the late 1970s with the early 1980s. The 1974-79 period should reflect secular trends since the national economy was near full-employment in both years. Data for 1979-84 should also approximate a secular trend, because by September 1984 the Nation was 22 months out of the 1982 recession.

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*The author recently retired as an economist with the Agriculture and Rural Economics Division, Economic Research Service, U.S. Department of Agriculture, stationed at the Pennsylvania State University.

[1] Italicized numbers in parentheses refer to items in the References section.

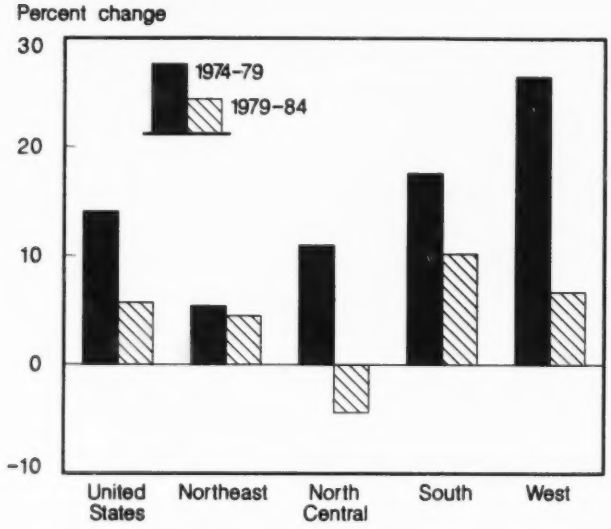
Theodore E. Fuller

Employment Change: Regional and National Trends

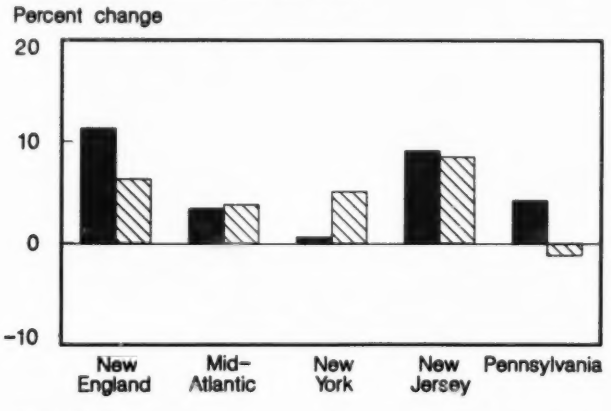
The Mid-Atlantic is a subregion of the Northeast. Total nonagricultural employment grew more slowly in the Northeast in both the late 1970s and the early 1980s than in the Nation as a whole (fig. 1). The Northeast also lagged the three other major sections of the Nation in both percentage change and absolute net change in jobs from 1974-79. Between 1979-84, the Northeast grew more slowly than the South and West, but outperformed the industrial heartland of the North Central region where employment declined.

Figure 1

Northeast employment growth lags Nation, 1974-79 to 1979-84...



...Because Mid-Atlantic employment rates stay below national average



Source: (8)

The Location of Change

Northeast employment rates were mixed in the late 1970s and early 1980s as the area's two subregions, the Mid-Atlantic States and New England, had contrasting records. Mid-Atlantic employment growth rates were below the national average from 1974-79 and 1979-84, while New England exceeded the Mid-Atlantic in each time span and also the Nation between 1979-84 (fig. 1). The disparity between the two subregions continued a pattern evident in the 1960s and early 1970s (*2, 4*). New England has continually exceeded the Mid-Atlantic region in rate of employment growth over the long term.

Employment changes also varied among the three States of the Mid-Atlantic region. Total employment in New York was nearly static between 1974-79, but grew at near national rates between 1979-84. New Jersey outperformed New York and Pennsylvania in both timespans and the Nation in the early 1980s. Pennsylvania lagged the Nation in the late 1970s and had declining employment in the early 1980s.

Figure 2 highlights the relative performance of the three States in the national economy by comparing employment growth rates in all States. Between 1974 and 1979, an area of slow growth stretched across the old industrial belt from southern New England to the Midwest. By 1979-84 this belt of slow growth and declining employment had receded from New England, but expanded from the Mid-Atlantic States through the Midwest to include a good share of the interior of the Nation and even the northern Pacific States. The fast-growth States, in contrast, ringed the Nation's coastal and southwestern perimeter from Maine to California. New Jersey was the only Mid-Atlantic State included in this growth ring.

The annual trends in total employment of the three Mid-Atlantic States from 1974 to 1984 indicate distinct individual performances (fig. 3). The employment decline in Pennsylvania since 1979 is noteworthy, as is the generally upward and near national-average rate of employment gain by New Jersey with its peripheral coastal location between two large urban centers.

Industry Mix and Change

Nearly all major economic sectors expanded less rapidly or declined faster in the Mid-Atlantic region than in the Nation between 1974-79 and 1979-84 (table 1). The Mid-Atlantic trailed the Nation in fast-growth sectors such as services and trade. In manufacturing (a slow-growth sector nationally from 1974-79 and one of slow decline from 1979-84), the region had declining employment in both time periods.

The Mid-Atlantic's employment growth rate in national fast-growth industries like finance, insurance, and real estate (FIRE), and trade and services met or exceeded the Nation's from 1979-84, suggesting that this region's mix of industry gave

it some advantage. Throughout the period, this region also had a higher proportion of its employment in these fast-growth industries than did the Nation (table 2), and this proportion increased slightly between 1974 and 1984. If these sectors continue to be fast growing, the region should be in a somewhat better competitive position now than it was a decade ago.

Manufacturing performance was volatile at both national and regional levels in the 1975 and 1982 recessions (table 3). Both national and regional manufacturing declined nearly 10 percent or more from peak to trough in each recession. The Mid-Atlantic region never recovered as fully as the Nation in either recession recovery. With each recession the region seemed to lose more of its competitive position. However, Mid-Atlantic nonmanufacturing employment fluctuations closely paralleled the Nation both from peaks to troughs and in the subsequent recoveries, especially in New Jersey.

Focus on Manufacturing

Manufacturing merits additional assessment because of its prominent role in the Mid-Atlantic economy and its poor performance in cyclical recoveries. Between 1974-84, employment trends varied considerably among States within the region. Although New Jersey had the strongest performance followed by New York, both trailed the Nation (fig. 4). Pennsylvania lagged the other two States, especially from 1979-84.

Nearly all industries within the slow-growing manufacturing sector shared in the region's troubles. All major manufacturing industries in the Mid-Atlantic, except lumber products from 1974-79, either grew less rapidly or declined faster than in the Nation in both 1974-79 and 1979-84 (table 4). This was true regardless of whether the industries were fast-growth, slow-growth, or declining nationally.

The regional record in the nationally fast-growth and partially high-technology oriented instruments and electric equipment industries was particularly unimpressive. Instruments and related products had percentage changes of 3.0 and −4.3 in the region for the 1974-79 and 1979-84 periods, compared with 15.9 and 4.7 percent, respectively, in the Nation. The comparable figures for the electric and electronic equipment industry were −6.0 and −7.1 percent, respectively, in the region compared with 8.3 and 6.6 percent nationally. In nationally declining industries, the rates of employment loss were often much higher in the region than the Nation. A strong competitive position for the region was not apparent in either national fast-growth, slow-growth, or declining industries.

Table 1—Employment change by major economic sector, Mid-Atlantic region and the United States, 1974-79 and 1979-84[1]

Economic sectors by national growth performance[2]	Mid-Atlantic region			Percentage change in employment			
	Employment	Change in number employed		1974-79		1979-84	
	1974	1974-79	1979-84	United States	Mid-Atlantic	United States	Mid-Atlantic
	Thousand			*Percent*			
Fast-growth 1974-79 and 1979-84:							
Services	2,709.5	505.6	570.0	27.6	18.7	21.1	17.7
Finance, insurance, and real estate (FIRE)	925.8	76.1	139.4	20.5	8.2	13.8	13.9
Wholesale and retail trade	2,941.5	228.5	185.6	18.3	7.8	8.9	5.9
Fast-growth 1974-79, slow-growth 1979-84:							
Mining	54.8	5.7	−10.6	36.3	10.4	4.5	−16.5
Slow-growth 1974-79 and 1979-84:							
Government	2,350.6	110.0	−23.4	11.9	4.7	.2	−1.0
Transportation and public utilities (TPU)	907.5	.4	−33.7	9.8	0	.8	−3.7
Slow-growth 1974-79, decline 1979-84:							
Construction	614.3	−32.1	5.7	14.0	−5.2	−2.4	1.0
Manufacturing	3,897.3	−180.4	−524.7	4.2	−4.6	−6.4	−14.1
All sectors	14,401.4	713.8	308.2	14.6	5.0	5.3	2.1

[1]All data are for September of the year. [2]Sectors grouped as above or below national average for total employment. Source: (*7, 8, 5*)

The region's below-average performance in major manufacturing industries also typified all or most of the States within the region. Between 1974-79 all three States had rates of change below the national rate in 10 of the 20 manufacturing industries. The number increased to 12 from 1979-84.

The region's performance in the various manufacturing industries was mixed from 1974-84. In 1974, the Mid-Atlantic region had a higher proportion of employment in national fast-growth industries than did the Nation. Even with a poorer showing in growth rates, the region maintained this edge in industry-mix through 1984. By 1984, the proportion of manufacturing employment in national fast-growth industries had shifted from 25.4 to 29.7 percent for the region versus 21.5 to 26.2 percent for the Nation (table 5). This was due mainly to large national declines in slow-growth or declining employment industries. All major manufacturing industries in the Mid-Atlantic region declined between 1979-84 except printing and publishing (table 5). Heavy absolute losses were sustained in primary metals, apparel, nonelectrical machinery, and fabricated metals from 1974-84.

Employment Change: Metro and Nonmetro Trends

Slow-growth was the overall trend of employment in the Mid-Atlantic region relative to the Nation from 1974-84 and characterized most major economic sectors and the main manufacturing industries. Nationally, nonmetro areas in the 1970s typically had higher rates of employment growth than metro areas (*3*). This pattern, a reversal of earlier trends when metro areas typically out-performed nonmetro areas, became known as the "rural-urban turnaround." It occurred in the Mid-Atlantic region as well as in many other parts of the Nation.

Recently, however, there is some evidence that the rural-urban turnaround of the 1970s may be slowing if not reverting to the previous pattern of metro dominance in rate of employment growth (*1, 6*). Employment in nonmetro areas grew at a faster rate than in metro areas in the late 1970s, but declined in the early 1980s while growing slowly in metro areas. Total metro employment expanded by 4.5 and 2.6 percent in 1974-79 and 1979-84, respectively (table 6). In nonmetro areas, the comparable rates were 7.7 and −5.2 percent.

The Location of Change

Rates of employment change shifted to the advantage of metro areas from the late 1970s to early 1980s and varied considerably among metro and nonmetro areas. In 1974-79, upstate metro areas in New York and in the interior areas of Pennsylvania typically had higher growth rates than areas in the New York City-to-Philadelphia complex (table 7). During 1979-84, the New York City-New Jersey-Philadelphia area became the focus of expansion–especially the suburban areas adjacent to and between New York City and Philadelphia. Conversely, the interior areas of the region typically either experienced very slow growth such as those in upstate New York, or declines in employment as did most metro areas in Pennsylvania outside of the Philadelphia MSA (fig. 5).

The shift in location of the highest metro growth rates from 1974-79 to 1979-84 appears to be related to area variations in industry mix within manufacturing, and differences in dependence on manufacturing versus the fast-growth sectors of trade, FIRE, and services. From 1974-79, nearly all metro areas had declines in manufacturing employment but rates of

Figure 2

Slow employment growth stretches from New England to Midwest in late 1970s...

...By early 1980s, New England escapes but most Mid-Atlantic States remain in slow-growth area

Fast growth (above United States)
Slow growth (below United States)
Decline

Source: (8)

Table 2—Percentage of total employment by major sector, Mid-Atlantic region and the United States, 1974 and 1984[1]

Economic sectors by national growth performance	Percentage of total employment			
	September 1974		September 1984	
	United States	Mid-Atlantic	United States	Mid-Atlantic
	Percent			
Fast-growth 1974-79 and 1979-84:				
Services	17.2	18.8	22.0	24.5
Finance, insurance, and real estate (FIRE)	5.3	6.4	6.0	7.4
Wholesale and retail trade	21.7	20.4	23.1	21.8
Subtotal	44.2	45.6	51.1	53.7
Fast-growth 1974-79, slow-growth 1979-84:				
Mining	.9	.4	1.1	.3
Slow-growth 1974-79 and 1979-84:				
Government	17.8	16.3	16.5	15.8
Transportation and public utilities (TPU)	6.0	6.3	5.5	5.7
Subtotal	23.8	22.6	22.0	21.5
Slow-growth 1974-79, decline 1979-84:				
Construction	5.3	4.3	4.9	3.8
Manufacturing	25.8	27.1	20.9	20.7
Subtotal	31.1	31.4	25.8	24.5
All sectors	100.0	100.0	100.0	100.0

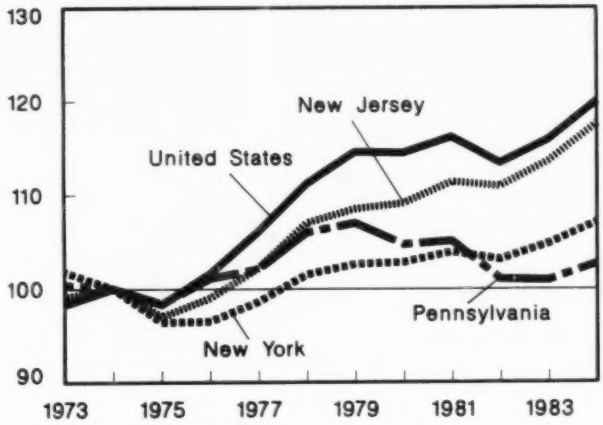
[1]All data are for September of the year. Source: (*7, 8, 5*)

Table 3—Percentage change in manufacturing and nonmanufacturing employment between business cycle peaks and troughs 1973-84, Mid-Atlantic region and the United States[1]

Area	Percentage change in employment[2]			
	November 1973 to March 1975 P → T	March 1975 to January 1980 T → P	January 1980 to November 1982 P → T	November 1982 to September 1984 T → (?)
	Percent			
Total employment:				
Mid-Atlantic region—				
New York	−5.9	4.5	3.0	2.6
New Jersey	−5.3	12.6	3.7	6.5
Pennsylvania	−4.2	7.8	−3.9	2.5
Rest of United States	−3.3	22.2	−1.5	6.6
Manufacturing employment:				
Mid-Atlantic region—				
New York	−13.7	2.5	−9.2	.7
New Jersey	−11.7	4.7	−8.8	4.2
Pennsylvania	−10.8	1.7	−18.8	.5
Rest of United States	−12.6	15.1	−10.1	9.4
Nonmanufacturing employment:				
Mid-Atlantic region—				
New York	−3.5	5.0	6.1	3.0
New Jersey	−2.6	15.7	8.1	7.2
Pennsylvania	−1.0	10.4	1.9	2.5
Rest of United States	−.1	24.4	.9	5.8

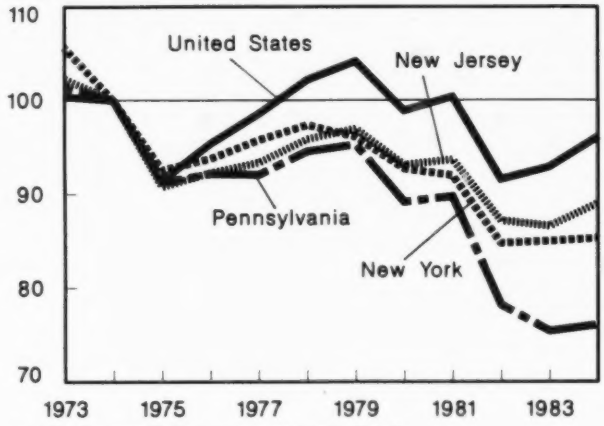
[1]The minor downturn with a trough in July 1982 and a peak in July 1981 is omitted.
[2]P = peak of business cycle and T = trough. Source: (*7, 8, 5*)

Figure 3
New Jersey leads employment growth index, 1973-84[a]



• Total nonagricultural employment.

Figure 4
Index reveals poor performance of Mid-Atlantic manufacturing sector[a]



• Manufacturing employment. Source: (5,7,8).

Table 4—Percentage change in employment in major manufacturing industries, Mid-Atlantic region and the United States, 1974-79 and 1979-84[1]

Industries grouped by national growth performance[2]	SIC	Percentage change in employment				Mid-Atlantic States with rates of change below U.S. average	
		1974-79		1979-84			
		United States	Mid-Atlantic	United States	Mid-Atlantic	1974-79	1979-84
		Percent				*State*	
Fast-growth 1974-79, growth 1979-84:							
Instruments and related products	38	15.9	3.0	4.7	−4.3	NY, NJ	All
Printing and publishing	27	11.2	11.1	4.3	3.0	NY, PA	All
Rubber and miscellaneous plastic products	30	10.0	7.3	3.5	−8.4	NY, PA	All
Electric and electronic equipment	36	8.3	−6.0	6.6	−7.1	All	All
Fast-growth 1974-79, decline 1979-84:							
Machinery, except electrical	35	13.1	− .8	−10.8	−16.2	All	All
Lumber and wood products	24	9.9	10.7	−7.0	−7.3	NY, PA	NY, PA
Petroleum and coal products	29	7.4	−3.1	−11.8	−19.3	All	NY, PA
Transportation equipment	37	7.1	5.1	−5.6	−24.2	NY, NJ	All
Slow-growth 1974-79, decline 1979-84:							
Fabricated metal products	34	4.0	−3.9	−12.6	−19.3	All	All
Chemicals and allied products	28	3.2	.7	−4.1	−8.5	NY, NJ	All
Furniture and fixtures	25	.9	−11.7	−2.3	−2.4	All	NY
Food and kindred products	20	.7	−6.7	−6.0	−9.5	All	NY, PA
Stone, clay, and glass products	32	.3	−8.3	−13.6	−23.3	All	All
Decline 1974-79 and 1979-84:							
Paper and allied products	26	−.2	−1.9	−3.5	−9.9	NY, NJ	All
Miscellaneous manufactures	39	−2.3	−9.0	−12.8	−19.4	NY, PA	NY, PA
Primary metal industries	33	−3.3	−11.9	−30.8	−38.7	All	NY, PA
Apparel	23	−5.3	−11.0	−7.5	−13.4	All	NY, PA
Textile mill products	22	−8.6	−23.7	−14.4	−20.5	All	All
Leather and leather products	31	−8.6	−12.8	−18.4	−22.8	All	All
Tobacco products	21	−9.8	−27.5	−6.3	−22.7	PA	NY, PA
All manufacturing industries	--	4.2	−6.4	−4.6	−14.7	All	All

-- = Not applicable. [1]All data are for September of the year. [2]Industries are grouped as above or below national average for all manufacturing.
Source: (5, 7)

decline did not vary greatly among areas (table 8). From 1979-84, the dependence on basic steel and fabricated metals industries in Buffalo, Pittsburgh, and other western areas of the region caused considerably higher rates of manufacturing decline than in the eastern metro areas. A somewhat greater orientation of interior areas to manufacturing probably also contributed. The New York City-New Jersey-Philadelphia group of metro areas had the smallest proportion of employment in manufacturing and the greatest proportion in services, FIRE, and trade and led the way in growth of total employment. The New York-to-Philadelphia metro areas also had the highest rates of growth in the national fast-growth industries.

The location of employment growth also shifted among nonmetro areas. From 1974-79, employment in most nonmetro areas grew; however, growth rates were generally higher in Pennsylvania than in New York (table 7). By 1979-84, employment in most areas in Pennsylvania had declined 5 to 10 percent or more (fig. 6). Nonmetro areas in western and central New York State declined modestly, while areas in the eastern and northern parts of the State had slow growth in employment. The stronger performance of the eastern and northern nonmetro areas in New York may be due to their greater orientation to the trades and services and lesser emphasis on manufacturing than the nonmetro areas in central and western New York and Pennsylvania.

As with metro areas, the shifts in location of nonmetro growth areas from the late 1970s to early 1980s appeared related both to differences in rates of employment change in

Table 5—Employment change and distribution of employment among major manufacturing industries, Mid-Atlantic region and the United States, 1974-84[1]

Industries grouped by national growth performance	SIC	Mid-Atlantic Region			Percent of total manufacturing employment			
		Employment	Change in employment		1974		1984	
		1974	1974-79	1979-84	United States	Mid-Atlantic	United States	Mid-Atlantic
		Thousand			*Percent*			
Fast-growth 1974-79 and 1979-84:								
Instruments and related products	38	199.7	5.9	8.8	2.9	5.1	3.7	6.2
Printing and publishing	27	271.1	11.6	8.5	5.4	7.0	6.9	9.1
Rubber and miscellaneous plastic products	30	107.0	7.8	−9.7	3.5	2.7	4.2	3.3
Electric and electronic equipment	36	410.0	−24.8	−27.4	9.7	10.6	11.4	11.1
Subtotal	--	987.8	.5	−37.4	21.5	25.4	26.2	29.7
Fast growth 1974-79, decline 1979-84:								
Machinery, except electrical	35	394.7	−3.0	−63.3	10.9	10.1	11.2	10.3
Lumber and wood products	24	42.2	4.7	−3.4	3.5	1.1	3.7	1.4
Petroleum and coal products	29	38.6	−1.2	−7.2	1.0	.9	.9	.9
Transportation equipment	37	181.0	9.3	−46.1	9.5	4.6	9.9	4.5
Subtotal	--	656.5	9.8	−120.0	24.9	16.8	25.7	17.1
Slow-growth 1974-79, decline 1979-84:								
Fabricated metal products	34	279.5	−10.9	−52.2	8.1	7.2	7.6	6.8
Chemicals and allied products	28	264.5	1.8	−22.7	5.3	6.8	5.3	7.6
Furniture and fixtures	25	61.6	−7.2	−1.3	2.4	1.6	2.4	1.7
Food and kindred products	20	269.2	−18.0	−23.9	9.0	6.9	8.7	7.1
Stone, clay, and glass products	32	155.3	−12.9	−33.1	3.5	4.0	3.1	3.4
Subtotal	--	1,030.1	−47.2	−133.2	28.3	26.5	27.1	26.6
Decline 1974-79 and 1979-84:								
Paper and allied products	26	134.1	−2.5	−12.9	3.5	3.4	3.4	3.7
Miscellaneous manufactures	39	134.4	−12.1	−23.7	2.3	3.4	2.0	3.1
Primary metal industries	33	328.8	−39.1	−112.1	6.4	8.4	4.4	5.6
Apparel	23	414.7	−45.8	−49.5	6.7	10.7	6.0	10.0
Textile mill products	22	139.8	−33.2	−21.8	4.7	3.6	3.8	2.7
Leather and leather products	31	61.9	−7.9	−12.3	1.3	1.6	1.0	1.3
Tobacco products	21	9.1	−2.5	−1.5	.4	.2	.2	.2
Subtotal	--	1,222.8	−143.1	−233.8	25.3	31.3	21.0	26.6
All manufacturing industries	--	3,897.2	−180.2	−524.4	100.0	100.0	100.2	100.0

-- = Not applicable. [1]All data are for September of the year.

Source: (5, 7)

manufacturing and to dependence of local areas on manufacturing. Declines in manufacturing employment in nonmetro areas in Pennsylvania and western and central New York ranged from 15 to 30 percent. These areas also had higher proportions of employment in manufacturing than either the other nonmetro areas or the coastal metro areas. This relative dependence on manufacturing may continue to adversely affect near term growth of these nonmetro areas if manufacturing remains a national slow-growth sector.

Industry Mix and Change

The growth rates of the major economic sectors mirrored total employment trends in both metro and nonmetro areas from 1974-84. From 1974-79, nonmetro areas had higher growth rates (or lesser declines) than metro areas in all major sectors except services (table 6). From 1979-84, nonmetro areas lagged metro areas in all sectors. This suggests that growth rate advantage shifted from nonmetro to metro areas between the two periods.

Growth rates for both metro and nonmetro areas were below the national average in all sectors in the early 1980s and in most sectors in the late 1970s.

Table 6—Percentage change in employment by metro and nonmetro areas, Mid-Atlantic region, 1974-79 and 1979-84[1]

Economic sectors by national growth performance	Percentage change in employment			
	Metro		Nonmetro	
	1974-79	1979-84	1974-79	1979-84
	Percent			
Fast-growth 1974-79 and 1979-84:				
Services	18.6	18.0	14.9	11.8
Finance, insurance, and real estate	8.2	14.4	11.1	3.3
Wholesale and retail trade	6.9	6.8	15.3	11.1
Fast-growth 1974-79, slow growth 1979-84:				
Mining	9.7	−30.9	39.6	−17.0
Slow-growth 1974-79 and 1979-84:				
Government	3.5	−.7	13.2	−2.8
Transportation and public utilities	−.3	−3.7	.4	−6.9
Slow-growth 1974-79, decline 1979-84:				
Construction	−6.9	3.1	1.0	−25.2
Manufacturing	−4.8	−14.2	−3.1	−18.3
Total employment	4.5	2.6	7.7	−5.2

[1]All data are September of the year.

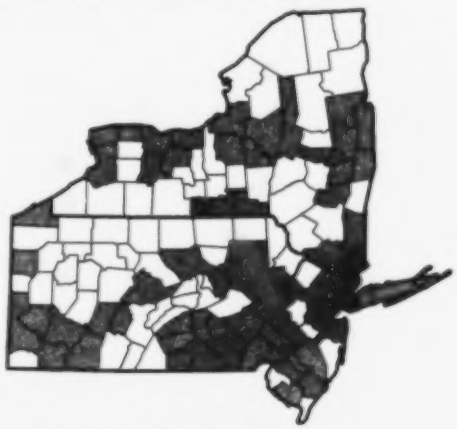
Source: (5)

Metro areas had the most favorable industry mix through the entire decade. From 1974 to 1984 for example, metro area employment in the national fast-growth sectors of services, FIRE, and trade increased from 46.3 percent to 54.5 percent (table 9). Nonmetro areas started the decade with 36.4 percent of total employment in these sectors and finished with 43.6 percent.

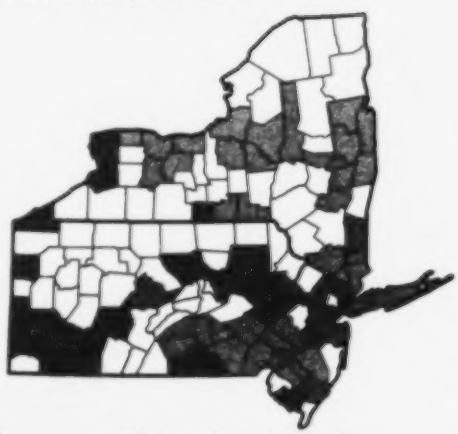
Manufacturing, which declined in both metro and nonmetro areas in the late 1970s and early 1980s, became a less important source of employment throughout the region. In metro areas, manufacturing employment dropped from first

Figure 5

Highest metro employment growth moves from Mid-Atlantic interior, 1974-79...



...To coastal areas, 1979-84



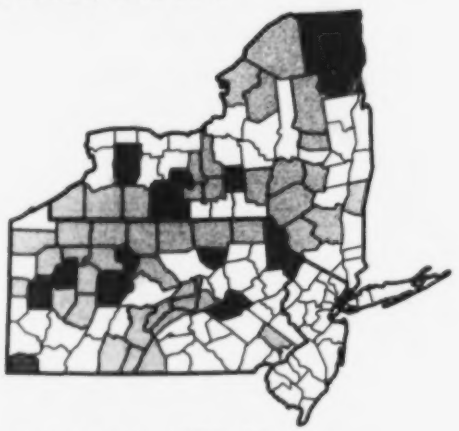
Fast growth (above United States)
Slow growth (below United States)
Decline (−0.1% to −4.9%)
Decline (−5% to −9.9%)
Decline (−10% and over)

Source: (5)

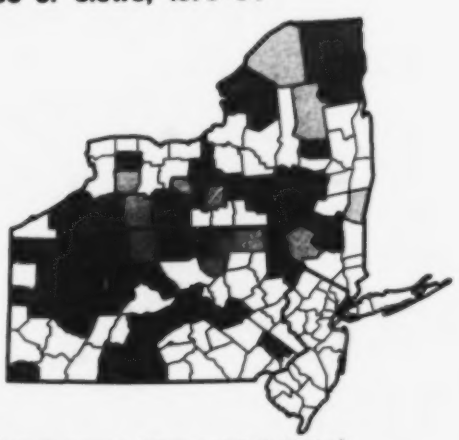
place in 1974 to third place in 1984 behind services and trade (table 9). In nonmetro areas, manufacturing remained the chief employer throughout the decade.

The relative performance of metro to nonmetro areas in fast-growth, slow-growth, or declining sectors is evidenced in absolute job changes. In the national fast-growth sectors, metro areas had substantial gains between 1974-79 and 1979-84. Gains from 1979-84 exceeded those from 1974-79 (table 10). In nonmetro areas, absolute gains in fast-growth sectors fell off sharply between 1979-84, and failed by a wide margin to offset losses in manufacturing. Possibly the losses in manufacturing (an export activity at the local area level) had a reverse multiplier effect on trade, services, and other industries which often depend on local consumer income in nonmetro areas.

Figure 6
Employment grows in most Mid-Atlantic nonmetro areas, 1974-79...



...Declines or slows, 1979-84



Fast growth (above United States)
Slow growth (below United States)
Decline (-0.1% to -4.9%)
Decline (-5% to -9.9%)
Decline (-10% and over)

Source: (5)

Unemployment

Unemployment rates reflected the variations in rates of employment change between the region and the Nation, and among metro and nonmetro areas within the region. In 1974, the region and the Nation and metro and nonmetro areas each had unemployment rates between 5.5 and 6 percent (table 11). By 1984, the regional rate was still close to the national rate at 7.1 percent. However, New York and New Jersey, with their near or above national average growth performance, had unemployment rates below the Nation's. Pennsylvania's declining employment from 1979-84 pushed its unemployment rate well above the Nation to 8.7 percent.

Table 7—Percentage change in total employment for groups of metro and nonmetro areas, Mid-Atlantic region, 1974-79 and 1979-84[1]

Area[2]	Percentage change in employment	
	1974-79	1979-84
	Percent	
Metro areas:		
New York-New Jersey-Pennsylvania	3.9	5.9
New York City (8 counties)	-1.8	4.2
Suburban New York MSAs	11.9	11.8
New Jersey (except Philadelphia MSA)	8.0	8.1
Philadelphia MSA	5.8	2.5
Upstate New York MSAs	4.0	-1.5
Buffalo-Niagara Falls	1.4	-9.6
Other upstate MSAs	5.0	1.6
Pennsylvania MSAs (except Philadelphia)	7.2	-6.2
Southeast MSAs	8.4	-.3
Central MSAs	5.7	-4.2
Western MSAs	6.9	-11.4
Pittsburgh	7.3	-11.2
Other western MSAs	5.0	-12.3
Nonmetro areas:[3]		
New York State	6.0	-.7
Eastern	7.1	5.0
Central	4.5	-1.2
Western	3.6	-5.6
Northern	9.4	.6
Pennsylvania	9.4	-9.3
Eastern	6.9	-7.0
Northern tier	6.5	-9.6
Central	9.5	-6.1
Western	11.6	-11.8

[1]All data are for September of the year.
[2]Both metro and nonmetro areas were grouped by geographic location in the States of the region. Areas in groups are listed in Appendix.
[3]As of the 1983 OMB definition, there are no nonmetro areas in New Jersey.

Changes in the unemployment rates reflected the reversal of growth performance between metro and nonmetro areas from 1974-79 to 1979-84. Nonmetro areas had an unemployment rate below metro areas in 1974. Even with superior employment performance from 1974-79, the nonmetro rate just equaled the metro rate of 7.0 percent. With declining employment from 1979-84, the unemployment rate in nonmetro areas rose to 8.4 percent compared with 7.1 percent in the Mid-Atlantic metro areas.

Implications

Two aspects of recent employment change in the Mid-Atlantic region are especially significant. First, the entire region experienced a slow rate of employment growth relative to the Nation from 1974 to 1984. Second, the geographic incidence of employment change within the region was uneven. Employment expanded at a faster rate in nonmetro than metro areas from 1974-79, but declined in nonmetro areas from 1979-84 while continuing to grow slowly in metro areas collectively. Rates of change also varied considerably among metro and nonmetro areas, especially in the early 1980's. From 1979-84, metro areas in the New York City-to-Philadelphia corridor averaged above the national growth rate in total employment, while metro areas in central and western Pennsylvania typically experienced declining employment. In the same period, nonmetro areas in eastern and northern New York grew slowly while most in western New York and Pennsylvania declined.

Why the variations in growth performance between the region and the Nation and among areas within the region over the past decade? Part of the answer appears related to geographic differences in the mix of employment among major economic sectors and the mix of specific industries within sectors. The answer is also related to area variations in growth rates of economic sectors and industries.

Evidence suggests that although the Mid-Atlantic region had about the same proportions of employment in nationally

Table 8—Selected measures of change in manufacturing and national fast-growth sectors for groups of metro and nonmetro areas, Mid-Atlantic region, 1874-79 and 1979-84[1]

Area	Manufacturing				Fast-growth sectors (trade, FIRE, and services)			
	Percentage change in employment		Percent of total employment		Percentage change in employment		Percent of total employment	
	1974-79	1979-84	1974	1984	1974-79	1979-84	1974	1984
	Percent							
Metro areas:								
New York-New Jersey-Philadelphia	−5.9	−10.8	23.7	18.1	10.9	14.5	49.2	58.8
Upstate New York MSAs	−4.3	−14.8	30.7	24.5	11.1	8.2	41.4	48.5
Buffalo	−8.9	−29.7	31.2	21.8	14.3	3.4	40.8	52.5
Other upstate MSAs	−2.4	−9.1	30.5	25.4	12.1	10.1	40.8	47.2
Pennsylvania (except Philadelphia)	−2.3	−22.2	37.8	28.7	11.7	8.2	39.6	49.9
Southern MSAs	2.4	11.2	38.0	32.0	18.3	12.1	36.8	45.1
Central MSAs	−5.1	−13.3	33.5	27.2	15.3	8.3	37.2	45.9
Western MSAs	−5.7	−36.6	31.3	19.7	16.9	5.5	42.6	55.5
Pittsburgh	−3.8	−39.2	29.5	18.1	16.6	5.8	44.2	57.2
Other western MSAs	−11.4	−26.3	38.2	26.3	18.1	3.9	36.5	48.6
Nonmetro areas:[2]								
New York State	−3.0	−13.3	29.5	23.6	12.9	7.1	39.6	45.5
Eastern	−.7	−5.2	23.2	19.4	12.0	10.7	46.7	51.3
Central	−5.8	−18.6	30.7	22.8	10.7	9.0	39.5	46.2
Western	−6.0	−17.5	37.8	30.0	15.5	4.7	33.7	41.7
Northern	4.3	−7.3	23.8	20.9	13.0	4.6	40.9	43.9
Pennsylvania	−3.2	−22.1	37.8	28.7	16.9	4.9	33.4	41.3
Eastern	−2.3	−18.3	40.8	32.8	11.6	9.1	32.4	39.7
Northern tier	−.3	−16.7	42.2	35.6	17.3	2.2	32.2	40.1
Central	−1.5	−15.1	39.9	32.5	17.1	8.8	33.8	41.9
Western	−6.2	−30.4	33.7	22.4	19.1	2.0	34.2	42.3

[1]All data are for September of the year.
[2]As of the 1983 OMB definition, there are no nonmetro areas in New Jersey.

Table 9—Distribution of employment by sector in metro and nonmetro areas, Mid-Atlantic region, 1974 and 1984[1]

Economic sectors by national growth performance	Percent of total employment			
	Metro		Nonmetro	
	1974	1984	1974	1984
	Percent			
Fast-growth 1974-79 and 1979-84:				
Services	19.0	24.8	16.1	20.4
Finance, insurance, and real estate	6.7	7.7	2.8	3.2
Wholesale and retail trade	20.6	22.0	17.5	20.0
Subtotal	46.3	54.5	36.4	43.6
Fast-growth 1974-79, slow-growth 1979-84:				
Mining	.2	.1	1.6	1.8
Slow growth 1974-79 and 1979-84:				
Government	16.2	15.5	19.5	21.1
Transportation and public utilities	6.4	5.7	4.8	4.5
Subtotal	22.6	21.2	24.3	25.6
Slow-growth 1974-79, decline 1979-84:				
Construction	4.3	3.9	3.9	2.9
Manufacturing	26.6	20.2	33.8	26.2
Subtotal	30.9	24.1	37.7	29.1
Total employment	100.0	99.9	100.0	100.0

[1]All data are for September of the year. Source: (7)

fast-growing, slow-growing, and declining sectors as the Nation, most sectors performed less well in the region than nationally. The region lagged the Nation in manufacturing particularly. In nearly all of the major 2-digit manufacturing industries, regional employment grew more slowly or declined more rapidly than in the Nation in both the late 1970's and early 1980's. The region overall was apparently less competitive than most other parts of the Nation.

Employment performance differed among metro and nonmetro areas within the region because of area differences in mix of economic sectors and in rates of employment change among sectors. From 1974-84, metro area economies, on average, were more oriented to national fast-growth sectors such as services, trade, finance, insurance, and real estate than nonmetro areas. Conversely, nonmetro areas were often more oriented to nationally slow-growth or declining sectors such as mining and manufacturing. Between 1974 and 1979, nonmetro areas were able to counteract their disadvantageous mix of sectors with higher rates of employment growth in most sectors than metro areas experienced. From 1979 to 1984, growth rates of most sectors in nonmetro areas dropped well below metro area rates. The shift in rates in manufacturing was especially significant for nonmetro areas since manufacturing is a more important employer in nonmetro areas than in metro areas. The rate of decline in manufacturing fell from −3.2 to −18.3 percent in nonmetro areas between 1974-79 and 1979-84 compared with −4.8 to −14.2 percent in metro areas. The national slowdown in manufacturing adversely affected

Table 10—Change in numbers employed by metro and nonmetro areas, Mid-Atlantic region, 1974-79 and 1979-84[1]

Economic sectors by national growth performance	Metro areas			Nonmetro areas		
	Employment	Change in number employed		Employment	Change in number employed	
	1974	1974-79	1979-84	1974	1974-79	1979-84
			Thousand			
Fast-growth 1974-79 and 1979-84:						
Services	2,546.4	473.3	542.1	169.6	25.2	23.0
Finance, insurance, and real estate	893.4	73.4	139.1	29.7	3.3	1.1
Wholesale and retail trade	2,760.4	191.7	201.8	183.3	28.1	2.4
Subtotal	6,200.2	738.5	983.0	382.6	56.6	26.5
Fast-growth 1974-79, slow-growth 1979-84:						
Mining	25.7	2.5	−8.7	16.4	6.5	−3.9
Slow-growth 1974-79 and 1979-84:						
Government	2,162.9	75.8	−15.0	204.6	27.0	−6.4
Transportation and public utilities	859.0	−2.8	−31.5	51.8	.2	−3.6
Subtotal	8,121.9	73.0	−46.5	256.4	27.2	−10.0
Slow-growth 1974-79, decline 1979-84:						
Construction	579.2	−39.7	16.6	40.5	.4	−10.3
Manufacturing	3,555.5	−170.0	−480.4	354.6	−11.1	−63.0
Subtotal	4,134.7	−209.7	−463.8	395.1	−10.7	−73.3
Total employment	13,382.5	604.3	364.0	1,050.5	79.6	−58.1

[1]All data are for September of the year. Source: (7)

Table 11—Percentage unemployment, Mid-Atlantic region and the United States, 1974-84

Area	Unemployment in September		
	1974	1979	1984
	Percent		
Mid-Atlantic region	5.9	7.0	7.1
New York	6.5	7.5	6.7
New Jersey	6.4	6.2	5.8
Pennsylvania	4.8	6.7	8.7
Metro areas	6.0	7.0	7.1
Nonmetro areas	5.5	7.0	8.4
United States	5.7	5.7	7.1

Source: (*5, 8*)

both metro and nonmetro areas in the region but nonmetro areas more so.

Variations in sector-mix and growth rates were also related to differences in employment change among metro and nonmetro areas. Areas favored with a mix weighted to national fast-growth sectors such as services and trade seemed to fare better than those areas more oriented to mining and manufacturing. Metro areas of the New York City-to-Philadelphia corridor thus achieved an above national average rate of employment growth compared with declines for areas of interior and western Pennsylvania. Nonmetro areas of eastern and northern New York did better than those in western New York and Pennsylvania.

The employment trends of the Mid-Atlantic region and in particular of some of its slow-growing or declining metro and nonmetro areas in the past 5 years have left some adjustment problems in the region. Unemployment rates, for example, are up in metro and nonmetro areas that have experienced declining employment levels. The national trend of declining employment in manufacturing is hurting areas especially dependent on manufacturing. The nearly uniform poorer performance of most manufacturing industries in the region than the Nation suggests the region is at some competitive disadvantage in the sector. Lower growth rates in nationally fast-growth sectors such as services, trade, finance, insurance, and real estate in the Mid-Atlantic region than in the Nation also raises questions of the competitive performance of the region, particularly outside the metro areas of the New York-to-Philadelphia corridor and southeastern Pennsylvania.

The national and regional decline in manufacturing may level off or reverse itself in the near future. In the meantime, the region and its harder pressed areas should investigate how to become more competitive and nourish and attract more enterprises in the national growth sectors. Undoubtedly this course is being pursued in varying degrees already. Nonmetro areas in particular may find it useful to appraise new employment possibilities such as in the service and trade sectors as well as manufacturing.

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Appendix–Metro and Nonmetro Areas in the Mid-Atlantic Region

Groups of Metro Areas (PMSAs and MSAs)

New York-New Jersey-Philadelphia –

- New York PMSA
- Nassau-Suffolk PMSA
- Poughkeepsie MSA
- Orange County PMSA
- New Jersey State
- Philadelphia PMSA

Upstate New York areas–

- Buffalo
  - Buffalo PMSA
  - Niagra Falls PMSA

Other upstate areas–

- Albany-Schenectady-Troy MSA
- Glen Falls MSA
- Utica MSA
- Syracuse MSA
- Rochester MSA
- Binghamton MSA
- Elmira MSA

Southeast Pennsylvania areas–

- Allentown-Bethlehem-Easton MSA
- Reading MSA
- Harrisburg-Lebanon-Carlisle MSA
- Lancaster MSA
- York MSA

Central Pennsylvania areas–

- Scranton-Wilkes-Barre MSA
- Williamsport MSA
- State College MSA
- Altoona MSA

Western Pennsylvania areas–

- Pittsburgh
  - Pittsburgh PMSA
  - Beaver County PSMA

Other areas

- Johnstown MSA
- Sharon MSA
- Erie MSA

Groups of nonmetro areas (counties)

New York State–

Eastern areas

Columbia	Delaware	
Ulster	Otsego	
Sullivan	Schoharie	

Central areas

Chenango	Cortland	Yates
Cayuga	Tompkins	
Seneca	Schuyler	

Western areas

Steuben	Chautauqua	
Allegheny	Wyoming	
Cattaraugus	Genesee	

Northern areas

Jefferson	Lewis	
Fulton	Hamilton	
St. Lawrence	Franklin	
Clinton	Essex	

Pennsylvania–

Eastern areas

Fulton-Franklin	Schuylkill	Sullivan
Susquehanna	Wayne-Pike	

Northern tier areas

Bradford	Tioga	Cameron
Potter	McKean	
Warren	Elk	

Central areas

Clinton	Juniata-Mifflin
Huntingdon	Bedford
Union-Snyder-Montour-Northumberland	

Western areas

Crawford	Venango-Forest
Clarion	Jefferson
Clearfield	Indiana
Armstrong	Butler
Lawrence	Greene